

SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.

JUNE 30, 2010

HAMMOND, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/15/10

CONTENTS

Audited Financial Statements:

Independent Auditor's Report.....	Page 1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5 - 9

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December 1, 2010

Independent Auditor's Report

To the Board of Directors of
Southeastern Louisiana University
Alumni Association, Inc.
500 W. Columbus Drive
Hammond, Louisiana

We have audited the accompanying Statement of Financial Position of Southeastern Louisiana University Alumni Association, Inc. (a nonprofit organization) as of June 30, 2010, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Southeastern Louisiana University Alumni Association's 2009 financial statements and, in our report dated September 30, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Alumni Association, Inc. as of June 30, 2010, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hannis T. Bourgeois, LLP

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 107,671	\$ 67,192
Certificates of Deposit	183,910	244,095
Accounts Receivable	1,084	6,726
Prepaid Expenses	13,653	11,178
Total Current Assets	306,318	329,191
Property and Equipment - at Cost Less Accumulated Depreciation of \$311,970 in 2010 and \$291,979 in 2009	464,531	484,522
Other Assets	5,000	5,000
Total Assets	<u>\$ 775,849</u>	<u>\$ 818,713</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 4,322	\$ 5,419
Note Payable (Due Within One Year)	5,381	9,490
Contribution Payable	55,200	9,395
Deferred Membership Dues	47,360	47,905
Total Current Liabilities	112,263	72,209
Long-Term Liabilities:		
Notes Payable (Due After One Year)	26,997	35,185
Total Liabilities	139,260	107,394
Net Assets:		
Unrestricted	608,358	688,863
Temporarily Restricted	28,231	22,456
Total Net Assets	636,589	711,319
Total Liabilities and Net Assets	<u>\$ 775,849</u>	<u>\$ 818,713</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Membership Dues	\$ 65,801	\$ -	\$ 65,801	\$ 69,123
Student Fees	170,910	-	170,910	154,514
Special Events	44,435	-	44,435	57,243
Alumni Athletic Scholarship Fund	-	5,775	5,775	8,120
Scholarship Fund	4,680	-	4,680	2,440
Contribution Bequeath	-	-	-	3,327,243
Other Income	5,941	-	5,941	3,140
Interest	4,909	-	4,909	6,100
Rental	-	-	-	7,985
	<u>296,676</u>	<u>5,775</u>	<u>302,451</u>	<u>3,635,908</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>296,676</u>	<u>5,775</u>	<u>302,451</u>	<u>3,635,908</u>
Expenses:				
Program Services:				
Alumni Center	50,484	-	50,484	45,789
University Promotions	59,239	-	59,239	47,584
Southeastern Development Foundation, Inc. Contribution	54,680	-	54,680	3,342,563
Special Events	39,965	-	39,965	24,471
Chapter Expenses	59,485	-	59,485	78,002
Supporting Services:				
Management and General	96,723	-	96,723	46,542
Membership Development Expenses	16,605	-	16,605	12,246
Total Expenses	<u>377,181</u>	<u>-</u>	<u>377,181</u>	<u>3,597,197</u>
Increase (Decrease) in Net Assets	<u>(80,505)</u>	<u>5,775</u>	<u>(74,730)</u>	<u>38,711</u>
Net Assets at Beginning of Year	<u>688,863</u>	<u>22,456</u>	<u>711,319</u>	<u>672,608</u>
Net Assets at End of Year	<u>\$ 608,358</u>	<u>\$ 28,231</u>	<u>\$ 636,589</u>	<u>\$ 711,319</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (74,730)	\$ 38,711
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	19,991	19,991
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	5,642	16,353
(Increase) Decrease in Prepaid Expenses	(2,475)	(10,395)
Increase (Decrease) in Accounts Payable	(1,097)	(26,632)
Increase (Decrease) in Contribution Payable	45,805	(6,310)
Increase (Decrease) in Deferred Revenue	<u>(545)</u>	<u>4,600</u>
Net Cash Provided by (Used in) Operating Activities	(7,409)	36,318
Cash Flows From Investing Activities:		
Purchases of Certificates of Deposit	(3,818)	(250,403)
Redemption of Certificates of Deposit	<u>64,003</u>	<u>185,957</u>
Net Cash Provided by (Used in) Investing Activities	60,185	(64,446)
Cash Flows From Financing Activities:		
Repayment of Notes Payable	<u>(12,297)</u>	<u>(29,919)</u>
Net Cash Used in Financing Activities	<u>(12,297)</u>	<u>(29,919)</u>
Net Increase (Decrease) in Cash	40,479	(58,047)
Cash - Beginning of Year	<u>67,192</u>	<u>125,239</u>
Cash - End of Year	<u><u>\$ 107,671</u></u>	<u><u>\$ 67,192</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash Payment for:		
Interest	<u><u>\$ 2,211</u></u>	<u><u>\$ 3,382</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY
ALUMNI ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Note 1 - Summary of Significant Accounting Policies -

General

The Southeastern Louisiana University Alumni Association, Inc. (the Association) is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the Association is to preserve and strengthen the bonds of friendship existing among Southeastern Louisiana University's former students; to foster, preserve and perpetuate the University's ideals and traditions so as to enhance its prestige as an institution of learning; and establish strong ties between the University and its former students in order to promote its educational and physical growth.

The Southeastern Louisiana University Alumni Association, Inc. was incorporated December 5, 1948, under the provisions of Louisiana Revised Statutes 12:101-155 as a non-profit corporation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.

Accounts Receivable

The Association uses the direct write-off method for uncollectible accounts receivable. No allowance for bad debts has been provided as no material write-offs are expected for accounts receivable at June 30, 2010.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services

During the year ended June 30, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost except for donated property. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

The Southeastern Louisiana University Alumni Association, Inc. is exempt from federal income taxes as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code.

The Organization files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to federal income tax examinations by tax authorities for years before 2006.

Summary Financial Information for 2009

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2010, all of the Association's bank deposits were insured by the Federal Deposit Insurance Corporation.

Subsequent Events

Subsequent to year end, the Association's long-term debt was modified. See note 4 for further details. The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 1, 2010, the date which the financial statements were available to be issued.

Note 2 - Restrictions on Net Assets -

Temporarily restricted assets are available for the following purposes:

The Alumni Center	\$ 7,108
Alumni Athletics Fund	<u>21,123</u>
	<u>\$ 28,231</u>

Changes in Temporarily Restricted Net Assets for the fiscal year ended June 30, 2010 are as follows:

Temporarily Restricted Net Assets at July 1, 2009	\$ 22,456
Additions to Net Assets Temporarily Restricted	5,775
Net Assets Released from Restrictions:	
The Alumni Center	<u>-</u>
	<u>5,775</u>
Temporarily Restricted Net Assets at June 30, 2010	<u>\$ 28,231</u>

Note 3 - Property and Equipment -

Property and equipment as of June 30, 2010 consists of the following:

Building	\$ 761,481
Furniture	6,995
Office Equipment	<u>8,025</u>
	776,501
Less: Accumulated Depreciation	<u>(311,970)</u>
	<u>\$ 464,531</u>

Depreciation of \$19,991 was charged to Program Services - Alumni Center for the fiscal year ended June 30, 2010.

Note 4 - Notes Payable -

The details of notes payable as of June 30, 2010 are as follows:

Regions Bank

Unsecured note in the original amount of \$100,000, with an interest rate of 6.25% per annum until July 6, 2010. On October 29, 2010, the balance of the loan \$30,675 was refinanced at First Guaranty Bank with an interest rate of 4.90% per annum until October 29, 2015, payable in 59 payments of \$579 and the balance on the 60th payment.

\$ 32,378

Less: Current Portion

(5,381)

\$ 26,997

Maturities of the long-term portion of debt are as follows:

June 30, 2012 \$ 5,747

June 30, 2013 6,035

June 30, 2014 6,337

June 30, 2015 6,655

June 30, 2016 2,223

\$ 26,997

Interest expense for the year ended June 30, 2010 was \$2,211.

Note 5 - Leases -

Lease

In connection with the construction of the Alumni Center, the Association (Tenant) entered into an agreement with the Board of Trustees for State Colleges and Universities (Landlord), a political subdivision of the State of Louisiana on October 7, 1993, to lease property located in Hammond, Louisiana. The Association had previously constructed a building on the leased premises, which they occupy as their Administrative offices. The term of the lease commenced on the day of execution of the agreement for a term of 99 years. The consideration of the lease is the construction of improvements by Tenant on the leased premises. In addition, the Tenant shall pay as rent the sum of \$1.00 per year commencing from the date of substantial completion of the Tenant's improvement through the remaining term of the lease. Conditions of the lease also provide that the leased premises are to be used by the Association and Southeastern Louisiana University. The Landlord agrees to assume responsibility for maintenance, repair, and replacement obligations and all obligations to pay utilities, sewer, telephone and other communication services used on the leased premises, all taxes, and insurance in amounts reasonably satisfactory to the Tenant. The agreement also provides for subleasing a portion of the premises to Southeastern Louisiana University.

Sublease Agreement

On October 7, 1993, the Association entered into a sublease agreement with Southeastern Louisiana University. The sublease refers to the premises leased in the preceding paragraph. The sublease provides for the Association to reserve approximately 3,000 square feet of office space together with the non-exclusive use of restroom facilities, work area, conference room, and banquet room. The Association specifically reserves the exclusive right to sublease the banquet room. The terms of the sublease are the same as those contained in the primary lease. The consideration is for a rental amount to be calculated on a base figure of \$323,000 plus interest at a market rate amortized for a 15-year period. For years 1-5, the sum of \$3,040 per month was calculated on a principal of \$323,000 with an interest rate of 7³/₄%, years 6-15, the monthly lease payments was adjusted annually and calculated with an amortization of the principal amount of \$323,000 together with an interest rate 3% above the New York prime interest rate. For years 16-99, the monthly lease payment will be the sum of \$1.00 per year. Beginning in the fiscal year ended June 30, 2010, annual lease payments will amount to \$1 per year.

Note 6 - Related Parties -

The Southeastern Development Foundation, Inc. ("Foundation"), a non-profit organization, occupies offices in the Alumni Center. These offices are leased from the Association by Southeastern Louisiana University (University) who provides for the use by the Foundation. The Foundation obtains donations for the University and also for the Association. The Association pledged \$54,680 to the Foundation during the year ended June 30, 2010, of which \$50,000 is recorded as a payable as of June 30, 2010. In addition, the Association has a pledge payable from June 30, 2009 in the amount of \$5,200 to the Foundation which is still outstanding at June 30, 2010.

Note 7 - Pledges Payable -

The Association has a pledge payable in the amount of \$5,200 to the Southeastern Development Foundation, Inc. ("Foundation") for the University's President's expenses, and \$50,000 to the Foundation for an athletic scholarship matching grant.

Pledges payable are as follows:

Payables Due in Less Than One Year	\$ 55,200
Payables Due in One to Five Years	<u> -</u>
Pledges Payable at June 30, 2010	<u>\$ 55,200</u>